



**STATE BOARD OF EQUALIZATION**

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Executive Director

**STATE BOARD OF EQUALIZATION MEETING  
450 N Street, Room 121, Sacramento  
NOTICE AND AGENDA**

**August 29, 2006**

**Board Committee Meeting Convenes at 9:30 a.m.\***

**Board Meeting Convenes upon Adjournment of the Board Committee Meeting\*\***

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair, Mr. Chiang, may modify the order of the items on the agenda.

**BOARD COMMITTEE MEETING**

**BUSINESS TAXES COMMITTEE..... Mr. Chiang, Committee Chair**

1. Proposed revisions to Regulation 1571, *Florists*, to clarify the application of tax to sales by florists.

**BOARD MEETING**

**ORAL HEARINGS**

**A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS**

There are no items for this matter.

**B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS**

(Contribution Disclosure forms required pursuant to Govt. Code § 15626.)

~~B1. Deirdre M. Osterman, 290241~~

~~For Appellant:~~

~~Deirdre M. Osterman, Taxpayer~~

~~Michael Gendelman, Attorney~~

~~For Franchise Tax Board: Kathleen Cooke, Tax Counsel~~

**C. SALES AND USE TAX APPEALS HEARINGS**

(Contribution Disclosure forms required pursuant to Govt. Code § 15626.)

- ~~C1. Richard Charles Walton, 310562 (GH)~~  
~~For Petitioner: Richard Walton, Taxpayer~~  
~~For Department: Christine Bisauta, Tax Counsel~~
- ~~C2. Sierra Railroad Company, 288213 (JH)~~  
~~For Petitioner: Torgny Nilsson, Representative~~  
~~Michael Hart, Taxpayer~~  
~~For Department: Cary Huxsoll, Tax Counsel~~
- C3. Marcella Maria Rosales, 308469 (KH)  
 For Petitioner: Marcella Rosales, Taxpayer  
 For Department: Carla Caruso, Tax Counsel
- C4. Mikhail Obolsky, 186902 (BH)  
 For Petitioner: Tammy Hart, CPA  
 For Department: Kevin Hanks, Hearing Representative

**D. SPECIAL TAXES APPEALS HEARINGS**

(Contribution Disclosure forms required pursuant to Govt. Code § 15626.)

- D1. Qwest Communications Corporation, 246379 (ET)  
 For Petitioner: Peter Michaels, Attorney  
 Larry McMillin, Taxpayer  
 For Department: Carolee Johnstone, Tax Counsel
- ~~D2. Greyhound Lines, Inc. 281179, 327799 (MT)~~  
~~For Claimant: William D. Taylor, Attorney~~  
~~For Department: Randy Ferris, Tax Counsel~~

**E. PROPERTY TAX APPEALS HEARINGS**

There are no items for this matter.

**F. PUBLIC HEARING****F1 Proposed Amendments to Sales and Use Tax Regulation 1602,  
Food Products .....Ms. Nienow**

Amendments to Regulation 1602 are proposed to provide a clear standard for taxing sales of combination packages that include food and nonfood products (such as gift baskets) sold for a single price and to eliminate obsolete language in subdivisions (a)(1), (a)(2), (a)(3), and (a)(4) of Regulation 1602.

**G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT**(Contribution Disclosure forms not required pursuant to Govt. Code § 15626.)**G1 Legal Appeals Matters .....Mr. Levine**

- Petitions for Rehearing
  1. John Raymond Collins and Lisa House, 170436 (UT)
  2. Tri-Air, Inc., 240935 (KHO)
- Hearing Notice Sent – No Response
  3. Minshew Brothers Steel Cnstrt, Inc., 249882 (FH)
- Petition for Release of Seized Property
  4. Mohamad Kurdmisto, 354480 (ET)

**G2 Franchise and Income Tax Matters..... Mr. Schreiter**

- Decisions
  1. Binoy K. Bordoloi and Bani Bordoloi, 318013
  2. Shenethia V. Carter, 296581
  - ~~3. Downey Toy Company, 306793~~
  - ~~4. Lisa M. Fagundes, 317594~~
  5. William B. Feinberg and Judith L. Feinberg, 330459
  6. Fosfo, Inc., 308287
  7. David J. Hopper and Catherine E. Hopper, 318263
  8. Susan Jarett, 304297
  9. Todd Katz, 312812
  10. Michele Kinchen, 311241
  11. Tat H. Kwok and Ada M. Kwok, 317429
  12. Columbus O. Okoroike, 318155
  13. Lanelita Quirante, 308808
  14. Wayne Roland, 315812
  15. Susan Scanlan, 303475
  - ~~16. Peter M. Soley, 310303~~
- Petitions for Rehearing
  17. Fakhradin Mirian and Laura Mirian, 305200
  18. Stephen D. Moses, 268510
  - ~~19. Robert Eugene Wesley, 317301~~

**G3 Homeowner and Renter Property Tax****Assistance Matters..... Mr. Schreiter**

- Decisions
  1. Edward A. Kandrak, 329465
  - ~~2. Marcos Prieto, 330280~~
  3. Rebecca Richardson, 325876, 332501
  4. Wilma F. Williams, 338994

**G4 Sales and Use Taxes Matters ..... Ms. Henry**

- Redeterminations
  1. A. M. Castle & Co., 311279 (OHA)
  - ~~2. James Gamblin, 345457 (EH)~~

3. Pall Filtration/Separations Grp., 315227 (OHB)
4. Gold Key Lease, Inc., 290116 (OHA)
5. Matrix Technologies, Inc., 335120 (OHB)
- Relief of Penalty/Interest
  6. Autozone West, Inc., 356016 (OHA)
  7. Pitney Bowes Mgmt Services, Inc., 354286 (OHB)
  - ~~8. K-Mart Corporation, 353218 (OHA)~~
- Denials of Claims for Refund
  9. Honest Jiup Chung, 134391 (AS)
  10. Nissan North America, Inc., 355454 (AS)
  - ~~11. Western Digital Technologies, Inc., 238711 (EAA)~~
  12. Raytheon Technical Services, Company, 331371 (OHC)
  13. Mercedes-Benz USA, LLC., 353825 (OHB)
  14. Northrop Grumman Systems, Corporation, 355456 (AS)
  - ~~15. Halliburton Energy Services, Inc., 356703 (OHC)~~
  - ~~16. New Vision Technologies, Inc., 334836 (EAA)~~
  17. Kovarus, Inc., 341887 (CH)
  18. Benjamin Cruz, 330251 (EH)
- Denial of Relief of Penalty/Interest
  - ~~19. Calgen Project Equipment Finance, 355514 (GH)~~

**G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry**

- Credits and Cancellations
  1. Linquist & Craig Hotels & Resorts, 354547 (EA)
  - ~~2. Saddleback Rental Vehicles, Inc., 356190 (EAA)~~
  3. Lyle Industries, Inc., 256027 (OHA)
  4. Sensitech, Inc., 357054 (OHB)
- Refunds
  5. California State University, L.A., 354716 (AA)
  6. Deluxe Laboratories, Inc., 356450 (AS)
  7. Micro Publications Systems, 199098 (OHC)
  8. Crossfield Products Corporation, 341132 (AA)
  9. Nissan North America, Inc., 312114 (AS)
  10. Nissan North America, Inc., 341579 (AS)
  11. Acco Engineered Systems, Inc., 353379 (AC)
  12. City-County of San Francisco, 305431 (BH)
  13. Williams-Sonoma, Inc., 313400 (BH)
  14. Roger's Gardens Newport Beach, 303282 (EAA)
  15. Veriteq, Inc., 254730 (EA)
  16. Dr. B's Chicken, 318321 (EAA)
  17. GKN Aerospace Chem-tronics, Inc., 353420 (FH)
  18. Cadence Design Systems, Inc., 269634 (GH)
  19. Applied Signal Technology, Inc., 334231 (GH)
  20. Sacramento A-One Door, 354127 (KH)
  21. Calgon Carbon Corporation, 348175 (OHB)
  22. KCI USA, Inc., 356737 (OHC)
  23. Sara Lee Corporation, 356564 (OHA)

24. Ford Motor Company, 352140 (OHA)
25. Chevrolet Motor Division, 352144 (OHA)
26. Mercedes-Benz USA, LLC., 347473 (KH)
27. 21<sup>st</sup> Century Insurance Company, 271146 (AC)
28. Cisco Systems Capital Corporation, 332637 (GH)
29. Sully-Miller Contracting Company, 348518 (EA)
30. Williams-Sonoma Stores, LLC., 330239 (BH)
31. National Diabetic Pharmacies, Inc., 315109 (OHB)
32. Edison Material Supply, LLC., 328966 (EAB)
33. John Zink Company, LLC., 250023 (OHA)
34. Marubeni Disc Systems, Inc., 347469 (EAA)
35. Mercedes-Benz USA, LLC., 143851 (OHB)
36. Seagate Technology, LLC., 306803 (GHC)
37. World Wide Technology, Inc., 326201 (OHA)
38. Nabisco, Inc., 170561 (OHA)
- ~~39. Halliburton Energy Services, Inc., 207473 (OHC)~~
40. Northrop Grumman Systems Corporation, 250579 (AS)
41. Ascent Media Mgmt Services, Inc., 325571 (AC)
42. Travis Credit Union, 328882 (JHF)
43. Kemiron Pacific, Inc., 353483 (OHC)
- ~~44. Light & Sound Design, Inc., 354454 (AR)~~
45. Applied Graphics Technologies, Inc., 353063 (AA)
46. N-Care, LLC., 352126 (EA)
- ~~47. Virgin Mobile USA, LLC., 290234 (OHB)~~
48. Residence Inn By Marriott, 349734 (OHB)
49. Overland Real Est Limited Partner, 315495 (AS)
- ~~50. Valley Imports, Inc., 345180 (FHA)~~
51. Cytac Limited Partnership, 295855 (OHB)
52. Central Air Conditioning, Inc., 349729 (KHO)
53. Morningstar, Inc., 265230 (OHA)
54. Altaone Federal Credit Union, 340781 (ARH)
55. Kern Schools Federal Credit Union, 339637 (ARH)

**G6 Special Taxes Matters ..... Mr. Gau**

- Relief of Penalty
  1. Bel Air Mart, 354726 (ET)

**There Are No Items For The Following Matters**

- G7 Special Taxes Matters-Credits, Cancellations, and Refunds
- G8 Property Tax Matters
- G9 Cigarette License Fee Matters
- G10 Legal Appeals Property Tax Matters

**H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY**  
(Contribution Disclosure forms required pursuant to Govt. Code § 15626.)

**H1 Legal Appeals Matters .....Mr. Levine**

- Petitions for Rehearing
  1. Nortel Networks, Inc., 150425 (OHB)
  2. Michael A. Olin, 252307 (UT)
  3. David Elias Pardo, 172990
- Hearing Notice Sent – No Response
  4. ~~Lynne Meredith, 241993 (EA)~~
- Cases Heard But Not Decided
  5. Chris T. Attkisson, 235821 (KHO)
  6. Tensor Group, Inc., 281211 (OHA)

**H2 Franchise and Income Tax Matters ..... Mr. Schreiter**

- Opinion
  1. Apple Computer, Inc., 152016
- Decision
  2. Bradley Mart and Madeline Zayas-Mart, 313041

**H3 Homeowner and Renter Property Tax Assistance Matters ..... Mr. Schreiter**

- Decision
  1. Anna Ellis, 282922

**H4 Sales and Use Taxes Matters ..... Ms. Henry**

- Relief of Penalty/Interest
  1. Banctec Third Party Maint., Inc., 347876 (OHC)

**H5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds ..... Ms. Henry**

- Refund
  1. The Disney Store, Inc., 342078 (AC)

**H6 Special Taxes Matters ..... Mr. Gau**

- Redetermination
  1. Atlantic Richfield Company, 345099 (MT) – “CF”

**There Are No Items For The Following Matters**

- H7 Special Taxes Matters-Credits, Cancellations, and Refunds
- H8 Property Tax Matters
- H9 Cigarette License Fee Matters
- H10 Legal Appeals Property Tax Matters

**I. TAX PROGRAM NONAPPEARANCE MATTERS**(Contribution Disclosure forms not required pursuant to Govt. Code § 15626.)**I1 Property Taxes Matters ..... Mr. Gau**

- Board Roll Changes
  1. 2003, 2004, 2005 and 2006 State-Assessed Property Rolls – “CF”
- Private Railroad Car Tax Refund – “CF”
  2. Dana Railcare

**I2 Offers-in-Compromise Recommendations ..... Ms. Ograd**

1. Hayat Jalala
2. Edith Gomez

**CHIEF COUNSEL MATTERS****J. Rulemaking**

Status Report on Proposed Amendments to State Board of Equalization

Rules of Practice ..... **Ms. Cazadd**

**J1**     Status report on new Rules of Practice, Chapter 4, Appeals from  
             Actions of the Franchise Tax Board

**There are no items for the following matters:**

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

**ADMINISTRATIVE SESSION****N. Consent Agenda ..... Mr. Evans****N1 Retirement Resolutions**

- Maria T. Berlonghi
- Beverly “Sue” Coty
- Dorothy L. Stevens
- Mary E. Trebbien
- Margaret L. Wong

**N2 Approval of Board Meeting Minutes**

- May 17, 2006

**N3 Approval of Revenue and Taxation Code section 6355, Coins and Bullion Bulk Sale Adjustment****N4 2006-07 Emergency Telephone User’s Surcharge Rate**

**O. Approval of Board Committee Meeting Minutes**

O1 Business Taxes Committee

**P. Other Administrative Matters****P1 Executive Director's Report.....Mr. Hirsig**

Executive Director's opportunity to report on matters of interest to the Board.

1. Electronic Services Update

2. Headquarters Windows Project Update

**3. Budget Change Proposals..... Ms. Johnson**

- BCP No. 1: Consumer Use Tax Section Revenue Enhancement
- BCP No. 2: U.S. Customs Program Augmentation
- BCP No. 3: Withdrawn
- BCP No. 4: Alcoholic Beverage Tax Program Workload
- BCP No. 5: Ongoing Tire Fee Increase Workload
- BCP No. 6: Electronic Waste (Ewaste) Recycling Fee Workload Adjustment
- BCP No. 7: International Fuel Tax Agreement (IFTA) Workload Growth
- BCP No. 8: Underground Storage Tank Fee Workload Increase
- BCP No. 9: Continuation of International Fuel Tax Agreement (IFTA)/ North America Free Trade Agreement (NAFTA) Interim Program
- BCP No. 10: Fuel Taxes Division- Fuel Tax Compliance Projects
- BCP No. 11: Motor Vehicle Fuel Audit Staff Augmentation

**ANNOUNCEMENT OF CLOSED SESSION..... Mr. Evans****Q. Closed Session**

Q1 Pending Litigation: *Ballmer v. Franchise Tax Board, Board of Equalization*, Los Angeles County Superior Court Case No. BC 2897895 (Govt. Code § 11126(e))

Q2 Pending Litigation: *Smiland Paint Company v. State Board of Equalization*, Los Angeles County Superior Court Case No. BS 103224 (Govt. Code § 11126(e))

Q3 Discussion and action on personnel matters (Govt. Code § 11126(a))

**ANNOUNCEMENT OF OPEN SESSION ..... Mr. Evans****ADJOURN**



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The hearing location is wheelchair accessible. If you require assistance, please contact Cathy Stroh at (916) 324-2599, or e-mail [Cathy.Stroh@boe.ca.gov](mailto:Cathy.Stroh@boe.ca.gov) to make special arrangements.

Gary Evans, Acting Chief  
Board Proceedings Division

- \* Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.
- \*\* Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.